

BUSINESS, LABOR & ECONOMIC AFFAIRS

EXHIBIT No. 3DATE 3-20-07BILL No. HB 537

March 18, 2007

Dear Senator,

HB 537 is a bill that will be harmful to Montana insurance agents who sell hail insurance by forcing them out of the industry. If passed, the state hail board will achieve a monopoly on the industry. Montana is the only state to have a state hail program, and they currently have a limit of \$40 total liability they can insure per dry land acre. HB 537 would increase that limit to \$60.

The liability limit has already increased rapidly over the past few years. If the state hail program is allowed to increase its total liability anymore, we predict they will dominate the market, and we will lose the majority of our hail insurance sales. This will result in revenue and job loss for Montana business people. We believe we are justified in opposing this bill for a number of sound reasons.

First of all, the state hail program rebates farmers if the program has a good year of high sales and low losses. This is an unfair advantage because it is illegal for any private insurance company to rebate under Montana insurance laws. It is not a level playing field when the state hail board uses these rebates as a powerful tool to sell more policies and create a firmer grasp on the market. The state hail program is already at a huge advantage and does not need another means to increase their record sales.

Secondly, farmers usually buy between \$50 and \$100 total liability per acre. Many of them buy \$40 from the state, and then purchase additional coverage from private insurance agents. If state hail increases their limits anymore, insurance agents will simply be cut out of the market as farmers will solely shop at the state.

In summation, we believe that competition is vital in the hail insurance industry because it keeps rates lower for Montana's farmers. We are certain that increasing the state hail program's capacity would eliminate private hail insurance and create an industry without competition. We oppose HB 537 because it is damaging to Montana businesses that sell hail insurance.

Thank you for your concern,

March 19, 2007

THE FOLLOWING FARMERS UNION MUTUAL INSURANCE COMPANY
oppose HB 537:

Alan Hughes
Sally McDaniel
Cileen Wood

Gudy Siring

Frank
Wesley S. Schmid

Dallas D Hagelath

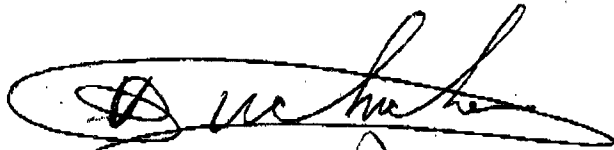
William D Wright

A. CO-OPS



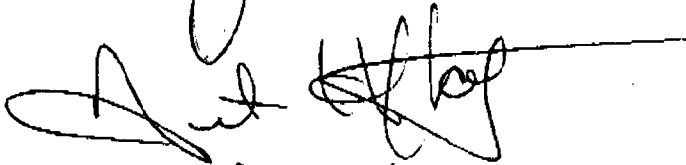
March 19, 2007

THE FOLLOWING FARMERS UNION MUTUAL INSURANCE COMPANY
oppose HB 537:



Cindy Schult

Jimmy Beyer



Chad R. Baker

And A. Brown

Shawn R. Allen

Kenneth M. Beard

Thomas R. McLean

Doug Seborg

John Barthelmess

Ray Z